

STATEMENT OF PURPOSE

RS25360

This legislation will fix Idaho's liquor license system by paying current state liquor license holders for the investment they have made into our current inequitable system, and create a new, fair system of municipal licenses for qualified applicants moving forward.

The current structure for issuing liquor licenses to Idaho businesses is unjust. For a state-issued privilege such as a license, each person who is qualified should have equal access, even if such access is stringent. Instead, a market unrelated to state-issuance of this privilege has grown, and businesses are left scouring the private market to pay up to three hundred thousand dollars to a private citizen for a license. There are many business owners who have been waiting to get a state liquor license for years, and it is unclear how many more years until they finally get a permit. Idaho's current liquor license laws are a roadblock for local business owners. The regulations are preventing business owners from creating more jobs and contributing to the local economy. Furthermore, fixing this unjust application of licensure is very difficult, and if done incorrectly, could unjustly hurt current license holders who have played by the rules to operate their businesses.

This legislation creates a balance that will protect the value current license holders have in their state-issued licenses, but create a new tier of licenses for restaurants that want to sell liquor by the drink. This legislation will allow counties and cities to sell these licenses, called municipal licenses, to restaurants that have full kitchens, and dedicate the vast majority of their business to serving food. This would remove restrictions that are preventing business owners from investing in Idaho and create certainty in the market.

Current business owners who hold a state liquor license will continue to see the value of their investment under this legislation. While restaurants operating under a new municipal license will have to meet certain requirements, follow strict guidelines and pay \$6,000 to receive a license in their first year and an annual renewal fee of up to \$5,250 every year thereafter, state license holders will not be subject to these same rules. State licenses will be the only way to operate a bar. State license holders will receive a ten percent discount at the Idaho State Liquor Division. This legislation also creates a fund to reimburse current license holders if they end up selling their license for less than they paid for it.

FISCAL NOTE

This legislation will have a fiscal impact on both the state and local level. Both should be positive, although the positive impact on the state will be delayed. The fiscal impact on the state, to both the Idaho State Police and the Idaho State Liquor Division depends on how many municipal licenses are purchased. For example, if one hundred and fifty municipal licenses are issued in 2019, a year after the additional five percent discount for state license holders goes into place, the revenue to the Idaho State Liquor Division will be neutral. Cities and counties have the ability to cover costs through the power to add fees on top of the statutory minimum fees. The impact of that power will depend on how cities and counties administer their program.

Contact:

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DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).